De facto demilitarization: Budget-driven downsizing in Latin America

Journal of Interamerican Studies and World Affairs
Beverly Hills
Spring 1994

Authors: Franko, Patrice

Volume: 36
Issue: 1
Start Page: 37
ISSN: 00221937
Subject Terms: Military spending
Budgeting
Armed forces
Geographic Names: Latin America

Abstract:
It is suggested that placing global ceilings on military spending faces limits in regional implementation. The case of declining defense spending in Latin America and the problems that democratically elected officials face in trying to lower regional defense spending are discussed.

Full Text:

The international financial community has recently joined the arms control community in scrutinizing the relationship between military spending and economic growth. The Independent Group on Financial Flows to Developing Countries, headed by Helmut Schmidt, recommended (in Facing One World) that priority in financial assistance be given to countries that spend less than 2% of their gross domestic product (GDP) on security (The Economist, 1991a: 61). Robert McNamara, past president of the World Bank as well as a former US Secretary of Defense, supported this proposal in his speech before the World Bank Annual Conference on Development Economics (April 1991), recommending that military expenditures, as a percentage of GDP, be reduced by 50%.(1) Nicole Ball, in Pressing for Peace: Can Aid Induce Reform?, argues cogently for conditioning international assistance on the initiation, or acceleration, of reforms in defense spending in the developing world (Ball, 1992). Those who call for such reductions argue that the end of the Cold War presents an opportunity to release dividends for peace. This paper suggests that placing global ceilings on military spending, laudable though it may be, faces limits in regional implementation. The case of declining defense spending in Latin America, and the problems that democratically elected officials face in trying to lower regional defense spending, is considered. Based upon case studies of Argentina, Brazil and Chile, it suggests the need to take a transitional approach to furthering the reduction of military

expenditures in Latin America. Decreases in military expenditures in this region must be premised on a clear vision of the role and mission of a streamlined military--a perspective which is yet only vaguely developed in Latin America.

LATIN AMERICAN MILITARY SPENDING IN COMPARATIVE PERSPECTIVE

Despite a tradition of military governance, **Latin America** allocates a comparatively small portion of GDP to military expenditures. As shown in Figure 1, **Latin America** spends less on the military than any other region in the world. (Figure 1 omitted.) Even during the Cold War, many Latin American nations already approximated the Schmidt criteria of 2% of GDP. From 1977 through 1981, **Latin America's** military expenditures were less than 2% of GDP while those of the United States and the rest of the world ran in the 5-6% range.(2) During the 1980s, these expenditures, as a percent of GNP, rose slightly in **Latin America** though not at the same rate as in the United States.(3) As will become evident from data presented later, this increase of the mid-80s was driven by the fact that the gross national products (GNP) in **Latin America** declined to a much greater extent than did military expenditures. Because levels of **defense expenditures**, in constant dollars, either fell or remained steady while national economies, as a whole, were shrinking meant that the share allotted to military expenditures took a larger bite out of the Latin American pie. However, the irony that **defense expenditures**, as a percentage of GNP, increased during a period of democratic transition should be interpreted as the ability of the Latin American military establishments to maintain their budgets during periods of economic decline, rather than as evidence that there was a net increase in military spending.

Figure 2 shows that, on average over the 1972-1988 period (an era of military rule in a wide array of Latin nations), not only was the percentage of GDP allotted to military expenditure less than in any other region of the world, but Latin America also allocated a proportionately lower amount of its central government expenditures to the military. (Figure 2 omitted.) Whereas developing countries as a whole apportioned 5.9% of GDP, and 20% of central government expenditures, to the military, in Latin America these categories consumed just 2.3% and 8.6%, respectively, of national budgets. It is somewhat paradoxical to note that the developing countries of Asia, who have long been held up to Latin America as models of economic growth, allocated more than twice the GDP levels and shares of state expenditures to defense as their Western Hemisphere counterparts.

Not only have Latin American military expenditures been significantly lower than in the rest of the world but--in most of these countries--are declining. Figure 3 shows the trend of falling **defense expenditures** (as measured in constant dollars) and defense budgets in the majority of the countries in the region. (Figure 3 omitted.) According to the International Institute for Strategic Affairs (IISA), for 19 Latin American countries, defense spending (calulated in US dollars at 1985 prices) averaged a drop of 35.2% between 1985 and 1990. In some countries--Mexico, Argentina, Brazil and Chile--this decline was even more dramatic. From 1972-1979, **Latin America** and the Caribbean allocated, on average, 9.0% of central government expenditures to the military; in the 1980s, this

dropped to 8.2%.

Several factors contributed to the decline of military expenditures in Latin America. With the end of the Cold War and improved relations within the region, it became increasingly difficult for the military to claim additional resources for its traditional role of combating an external enemy. The communist threat, to the degree that it was given credence in Latin America, disappeared as a rationale for maintaining strong defenses.(4) More important, regional competition cooled. The military rivalry between regional powers Brazil and Argentina lost its motivating force in the face of growing economic integration. A regional race in defense capabilities appeared ridiculous given the joint cooperation in developing the CBA-123 Vector aircraft. While border tensions continue between some Latin countries, these do not provide sufficient justification for making large claims on resources. In only a few countries--Paraguay (where the military retains defacto control), Venezuela (beset by instablity in recent years), and Colombia (where the narcotraffic and its associated violence provide legitimation)--has spending increased dramatically.

In addition to these geopolitical factors, economics has been the primary force driving down Latin American defense spending. The fiscal crises which have afflicted the Latin American states under newly-elected democratic governments created pressures to reduce defense spending throughout the region. Hewitt's research, on a worldwide level, indicates that the allocation of resources to defense is driven primarily by economic growth (Hewitt, 1391). The 1980s brought two sets of changes to **Latin America**: (1) the exit of military governments and (2) constrained economic growth. Consistent with Hewitt's results, military spending in **Latin America** appears driven by available national resources. Roughly speaking, those countries who have had to deal with more difficult austerity measures have been Forced to cut back on **defense expenditures** in the process. As countries face slow (or anemic) economic growth or have to transfer funds to service external debt, they must resort to cuts in military spending. However, due to the military's strength as an institution in those societies, the rate at which defense spending declines often takes place at a much slower rate than the cuts applied to other budget areas.

The relationship between economic crisis and defense spending has complicated the calculus of political and social factors at work in each country. The essential question boils down to an evaluation of the power of the military to claim scarce resources compared to the bargaining power of competing interest groups. For example, despite the severe burden of Brazil's debt service during the mid-1980s, military expenditures actually rose slightly. This can be explained by the de facto power of the military under the Sarney administration and a more favorable economic environment. As Brazil continued to generate dollars through its export surpluses, the hard choices over tradeoffs could be postponed. Under the Collor government, the equation changed. The power of the military became more restrained. Brazil's economic growth slowed. Military budgets were reduced. In Argentina, on the other hand, the decline in defense spending took place earlier than in Brazil, precipitated by the military's loss of public credibility following the Malvinas-Falklands War (1982). Despite claims by some critics that President Alfonsin was too soft on the military, resources were withheld from the Armed Forces. It is also important to note that the declines of the late 1980s took place following buildups earlier

in the decade (Dorin, 1991).

The story of defense budgets in Latin America is a complicated one, and the downward trends may not be permanent. Given the already low levels of expenditure, we can expect that if the economies of Latin America resume steady growth rates, there will be an accompanying increase in military expenditures. This will be driven by two factors: a pent-up demand for military purchases after a decade of restraint, and strong political pressure from the military for an increasing share. What is perhaps most important is the likely way the money may affect regional security. Using the limited information available, this paper attempts to sketch out some of these trends for the three biggest defense spenders in the region: Argentina, Brazil and Chile. Less involved in the drug war, the A-B-C countries--Argentina, Brazil and Chile--provide a baseline from which to discuss the future directions that Latin American militaries may take.

As Figure 4 shows, in the Southern Cone (and Mexico), declines remained fairly steady throughout the decade, particularly when compared to the Andean region, where the drug war and associated narcoterrorism fostered increases in defense budgets. (Figure 4 omitted.) From the spending peak of 1982 through to 1990, average Southern Cone expenditures, measured in constant 1988 dollars, declined 23.3% from their base level. Not surprisingly, these reductions in military budgets led to tensions between the armed forces and their new democratically-elected civilian governments. This raises important questions about how the military managed to accommodate to reduced resources during the democratic transitions, what difficulties these reductions presented for force structure and mission, and what this portends, in terms of likely scenarios, for the future.

ARGENTINA: CHANGED POLICY PRIORITIES BUT LITTLE FUNDAMENTAL RESTRUCTURING

Argentina dramatically decreased its defense spending throughout the 1980s. As can be seen in Figure 5, the country's defense spending fell from nearly 7% of national GDP to roughly 3% over this decade. (Figure 5 omitted.) Defense budgets have resumed their historic levels. During the 1970-75 period, Argentina spent $2.2 billion (in constant 1990 dollars) on defense. During the period of military regime that followed, which included the conflict with Chile over the islands in the Beagle Channel as well as the Malvinas-Falklands War, Argentina nearly doubled its spending on defense: to $4.08 billion. From 1984-89, the period of the first civilian government, Raul Alfonsin brought defense spending down by 37.2%: to $2.56 billion; the Menem government (which took office in 1989) continued this slide: to $2.1 billion (Dorin, 1991: 107). The steady rate at which this decline took place throughout the decade clearly reflects the changes in Argentine priorities that were occurring at the time.(5)

The two areas of spending which bore the brunt of the budget cuts during the latter half of the '80s were investments and maintenance, which dropped by 50% compared to the previous period under military rule. Military imports declined; and salaries suffered brutal cuts (Dorin, 1991: 102). Alfonsin slashed spending on operations by 42%, and, for equipment, by 50%, respectively; while, in a more politically-sensitive area, salaries were cut 25% in 1984 (Pion-Berlin, 1991). Menem continued this practice of stringent

budgeting (LAWR, 1991c). In 1992, the budget reduced manpower by 40%, discharging some 21,600 people; it privatized military-owned assets, reduced recruiting, and cut back on a number of activities, including Air Force flying time. A combination of international pressure and budget constraints led to the decision to deactivate the Condor missile project, a former point of pride among some of the more nationalistic military officers. President Menem and Finance Minister Cavallo faced a considerable backlash over discontinuing the project. Not only did the Condor issue fuel nationalist sentiments, but it also exacerbated military unhappiness over salary issues, and reportedly generated the feelings which sparked the attempted coups by the carapintadas, or "painted faces," who took their name from the camouflage used by soldiers in battle (LAWR, 1991e). Many in the military "moonlighted" (took second jobs) to make ends meet for their families, a practice which has severely compromised the morale of the institution. Non-commissioned officers (NCOs) have had to assume the work of those in the lower ranks, upsetting the organization's traditional hierarchical arrangements (Fraga, 1991: 189). Civilian employees of the Argentine Armed Forces have been cut by 25% as well (Fraga, 1991:190), which may run counter to the objective of civilian management of the armed forces. Overall, the decline in resources available to the Argentine Armed Forces was both rapid and radical.

Some stop-gap measures have been implemented. To head off discontent in the military, revenues from the privatization efforts are to be returned to the Argentine Armed Forces for restructuring purposes (FBIS-LAT, 1991c). In contrast to the external pressure applied in the case of the Condor, the military itself now views privatization as providing the only means by which it will be able to modernize its forces. It has been estimated that the cost of repairing and returning to service the equipment needed by all three services would come to approximately $2 billion (FBIS-LAT, 1991d), an amount well beyond the government's ability to pay. Military assets, particularly real estate and those enterprises not directly involved in defense production, have been slated for sale. Production from military factories will be consolidated, reduced from eight locations to only three, with some of the newly redundant operations transferred to the private sector. The World Bank has taken a particular interest in the privatization of Argentine defense enterprises, providing capital and technical advice (Clarin, 1991). Although the armed forces will not have automatic access to the revenues derived from these privatizations and transfers, this process should ease some of the budgetary pressures on equipment needs of the different branches of service (FBIS-LAT, 1991d).

Following its demonstrations of restiveness, the military was somewhat appeased by the announcement (on 2 October 1991) that it could expect to receive pay increases ranging from 4-to-25%, higher than those going to civil servants (LAWR, 1991a). The hope was that the increase in salaries, plus promised funds for restructuring, would render the military less apt to contest the Menem government decisions to cancel the Condor program on the one hand, and to restructure the military on the other (LAWR, 1991d). The budget for 1994 promises to increase salaries for officers on active duty, as well as for non-commissioned officers, via non-remunerative supplemental benefits (FBIS-LAT, 1993f). Furthermore, there also appears to be some consensus among the military in favor of trading off smaller size for stronger capabilities. General Balza, the Army's Chief of Staff, noted that "Our Army will be smaller in number of personnel but more efficient as far as

operational capabilities are concerned" after the inclusion of "new technology" (FBIS-LAT, 1991b), adding that "...we are sure that the future army will be more efficient," and "it will be more appropriate for the requirements and possibilities of national defense" (FBIS-LAT, 1991b).

However, the manpower cuts have not been nearly enough. Halving the amount of military spending, as compared to that of the early '80s, has not proved sufficient to support adequate restructuring and modernization (Fraga, 1991:188). The drop in the number of Army personnel, which took place from 1981 to 1985 (shown in Figure 6) resulted from the demobilization of conscripts following the Malvinas-Falklands War. (Figure 6 omitted.) This is even more clearly illustrated by Figure 7. (Figure 7 omitted.) One way of dealing with budgets for personnel in the immediate present has been to cut down on the number of enlisted men, on the assumption that enlisted men are more easily trained than officers. Emasculating the officer corps is a decision that is not reversible in the short run since training an officer requires years of schooling and specialized instruction. Beyond the loss of human capital in the long run, restructuring the officer corps carries profound political costs. Well-educated and organized, military officers can be extremely effective in pressuring newly democratic governments. Despite the fact that there are fewer enlisted men in the ranks, the Argentine military is still top-heavy with brass. Since personnel costs take up almost 80% of the military budget (Fraga, 1992a), very little is left over for maintenance, much less for re-equipment (Scheetz, 1985). Military pensions are another area with broad implications for overall budgetary issues. Including pensions, defense absorbs 30% of all administrative spending on personnel (LAWR, 1991c). The pension commitment serves as a constraint on the government's ability to redress the shortfall in the budget. The 1994 salary increase circumvented this problem by excluding those no longer in service (FBIS-LAT, 1993f). It worked by granting those personnel on active duty an increase of 20-25% spread over 5 allowances: a post allowance, a job allowance, a housing allowance, a clothing allowance, and an educational allowance (FBIS-LAT, 1993e). Without a long-term plan to restructure the armed forces in a rational, far-reaching manner, personnel costs will continue to act as a constraint on budget options. It has become nearly impossible to professionalize the Armed Forces as a smaller, better-paid, better-trained, and better-equipped force (Fraga, 1991). Figure 8 contrasts alternative ratios between officers, NCOs, and rank-and-file soldiers. (Figure 8 omitted.) Given the current number of officers, there should be anywhere from roughly 100,000-to-40,000 enlisted men for maximum-to-minimum effectiveness. In contrast, based on data forecast in 1991, Argentina's Armed Forces had fewer enlisted men than officers (Fraga, 1991). By not addressing this issue of the officers corps, the military indicates that it views the reduction in personnel as a temporary measure, a way to live--in the short run--within a restricted budget. From these numbers, however, it does not appear that the organization is anticipating a leaner force throughout the ranks.

Any restructuring that downsized the officer corps would also have to involve a systematic revision of the threats facing Argentina. Despite the fact that an investigation of these issues is the topic of another paper, a security strategy for Argentina would necessarily have to consider such elements as (a) bilateral balances with Chile and Brazil, (b) the

legacy of the conflict with Great Britain over the Malvinas, (c) emerging roles in regional conflicts as a part of multinational forces, particularly in neighboring countries where spillovers from insurgency may affect social order, and (d) the possibility of conflict in defending the nation's ecology.(6) Argentina's new orientation toward the international arena, in both foreign and economic policies, has its reflection in changes in the nation's security priorities. President Menem's Defense Minister Oscar Camilion has continued the process of reorganization in order to "put the Armed Forces in tune with the new international situation and the economy of the country" (FBIS-LAT, 1993c). The question remains, nevertheless, whether the new policy will affect the underlying structure of the military.

BRAZIL: DEFENSE POLICY BY BUDGETARY DEFAULT

The rhetoric surrounding defense budget cuts in Brazil is dramatic. Brazil has lived under an economic state of siege during its transition to democracy. From one economic shock package to the next, implicit economic contracts, including those with the military, have been broken. There is a high degree of uncertainty in the security arena and very little long-range planning.

A casualty of the economic chaos has been a program to modernize equipment. In the mid-'80s, Forca Terrestre 90 (FT-90) was developed to plan for long-range acquisition of equipment. Since then, FT-90 has been reduced to an analysis of which systems could be renovated; little re-equipment has taken place; how to make do is the operative approach. For example, a study concluded that the M-41 tank still has 10 years of use but could add a periscope. There has also been an analysis of what could be substituted after 10 years: should the Brazilian Army use the domestically produced Osorio? The fate of each service's "big project" has been slowed down by budget constraints.(7) President Collor's dismantling of Brazil's nuclear program was as much an effect of democratization as it was of depleted financial resources (Bitencourt, 1993). However, this planning process is an exercise without resources. Budget problems are compounded by a lack of a clear vision of the security function of equipment. No doctrine seems to exist as to how the various forces would absorb this new equipment.

The producer of the Osorio, ENGESA, is bankrupt; EMBRAER, the Brazilian aircraft firm, has scaled down operations considerably; and AVIBRAS, the missile producer, is exploring civilian markets as a way to stabilize production.(8) FT-2000 is not well-elaborated as a modernization plan. Under the Army's re-equipment program, it should be buying 1,000 vehicles per year to modernize and replace its stock of 20,000; at present, it is not even buying 200. A third of the Army's equipment is unusable for lack of spare parts; one report likened the military warehouses in the Sao Paulo region to a tour of Jurassic Park, i.e., full of dinosaurs (Istoe, 1993). The Air Force maintains a spare inventory at only 1/6th of its historic levels. The Air Force is cutting back on flying time in order to economize on funds and apply them to the modernization of equipment, but procurement programs are way behind (FBIS-LAT, 1992d). While pilots in NATO log a minimum of 240 hours per year, the Brazilian Air Force (Forca Aerea Brasileira or FAB) can only support 80 hours per year (FBIS-LAT, 1992d). A critical factor in the ability to execute military missions is the level of

professional preparation of the members of the armed forces; one way to measure this is to look at the defense expenditure per armed forces member. From Figure 9, one can see the radical cuts in defense expenditures per member of the Armed Forces in Brazil as compared to other nations in the Southern Cone. (Figure 9 omitted.)

As in the case of Argentina, personnel issues also press resources needed for re-equipment in Brazil. As Collor's Aeronautics Minister Socrates stated: "While our Armed Forces clearly need to modernize their equipment, this will only be possible when the economy is stabilized" (Socrates, 1991: 86). Studies by the Estado-Maior das Forcas Armadas (EMFA or Armed Forces General Staff) claim that the losses in military salaries have totaled 850% (FBIS-LAT, 1992g). The Brazilian news weekly Istoe notes that the standards of income for all three branches of the military plunged to their lowest level since 1963 (FBIS-LAT, 1992f). Military officers work half-days so that the institution does not have to provide lunch, and personnel take on other jobs in order to make ends meet on their lower salaries despite a constitutional prohibition against moonlighting by the military(FBIS-LAT, 1992e). One captain in the Air Force reportedly makes twice his military salary by selling candy, with his brother, in a small shop (FBIS-LAT, 1994b).

While the financial crisis of the military is not unlike that of the population at large, it is compounded by an identity crisis within the institution itself, as noted by a recent editorial, that the Brazilian Armed Forces are experiencing a crisis. The collapse of communism; the political, cultural and economic rapprochement with Argentina, the most traditional rival of Brazil in the continent; the absence of real foreign enemies; and the high technology employed in the Persian Gulf Crisis, which threatens to make the technologically little-advanced arsenal useless, are leaving Brazilian military officers in a state of soul-searching (FBIS-LAT, 1991a). Tensions have increased in the barracks as officers, especially at the rank of captain, confront the contradiction between their professional training and the limited funds available to carry out their mission (FBIS-LAT, 1993a). During his term in office, President Collor reduced the military's sphere of influence on the one hand, while doing little to redefine new security roles and missions on the other.(9) The result is that the military is left with few resources with which to pursue its legislated, but outdated, mission.

The institutional crisis of the military has extended even to their families, and men are sometimes forced to leave their families with in-laws. The patience of military families is especially tried when they compare their lot with those in the legislative branch: it is reported that a congressional adviser has a salary equal to, or exceeding, that of a four-star general, and that a sergeant makes the same amount as an elevator operator for the Congress (FBIS-LAT, 1992f). Although many of the discrepancies in salary differences between the military and legislative branches were resolved by a salary adjustment mandated in August 1992, problems related to personnel costs continue to plague Brazil's military establishment. Admiral Mario Cesar Flores, former Minister of the Navy and President Franco's head of the Secretaria de Assuntos Estrategos (SAE or Strategic Affairs Secretariat), is reportedly frustrated that the policy on salaries did not change substantially during the Collor administration and harbors little hope for achieving real salary equality any time soon (FBIS-LAT, 1993b). The bitterness which surrounds the whole salary issue

has strained the military's relations with the civilian governments and made the overall process of defense policymaking in a new security environment all the more difficult (Hunter, 1993). The reaction against budget cuts has also fueled a resurgence of nationalist sentiment. The strange company that some in the military are keeping with the Left-oriented Partido dos Trabahaldores(PT), the workers party, can only be understood by examining their shared goals of nationalism (FBIS-LAT, 1994a).

Beyond this problem of low budgets, there is some public sentiment that the money is not being spent efficiently. As Captain in the Reserves and Deputy Jair Bolsonaro (Christian Dem Party RJR) commented:

Although it fought its last war 46 years ago, the Brazilian Army, proportionately, has more generals than the US Army; there are a total of 164 generals, 141 of whom are on active duty. The Army has grown too big and bureaucratic. Troops are discouraged and do not see any possibility of ever being promoted (FBIS-LAT, 1991a).

Figure 10 demonstrates that the numbers in the Brazilian Armed Forces have gone down only slightly. (Figure 10 omitted.) The strategy has been to maintain current force levels and to live with the lower spending. Again, and like Argentina, this is inconsistent with long-run goals of modernizing and maintaining high professional standards in the three branches of service. Restructuring and modernization are expensive. A study by the Brazilian Secretariat for Strategic Affairs (SAE) finds that the defense budget would have to triple--from $1 billion to $3 billion, or 3% of GDP--for the Armed Forces to meet their professional obligations (FBIS-LAT, 1993a).

In addition to numbers, the deployment of troops throughout Brazil presents another challenge to the restructuring goal. Although Brazil defines its greatest threat to national security as coming from the internationalization of the Amazon, most contingents are headquartered in state capitals. According to Deputy Paulo Ramos (Democratic Workers Party RJR), a military police officer,

That can only have one explanation...It is because the Armed Forces are more concerned about maintaining internal order than protecting the country against a foreign threat (FBIS-LAT, 1991a).

With a crisis in both the military and police budgets, there is a danger that the Armed Forces, without a clearly defined mission and in search of short-term financing, will be deployed in police roles. The Brazilian Army was used to keep the streets safe during the United Nations Environmental Conference in 1992. It has been noted that this was not an isolated incident (Fraga, 1992b), and that the population welcomed the order it imposed. Troops are also being used to maintain order in some of Rio's worst favelas (slums).

The problem of declining military budgets has prompted Brazil's top brass to adopt a new role in politics. President Franco's new military ministers report the need to take a more active and public part in seeking to influence the debate on defense appropriations, working, in particular, to solicit funds for both salaries and high-tech projects (FBIS-LAT,

1992c). On the other hand, the budget constraints have also given rise to a new sense of realism in military circles (FBIS-LAT, 1992a). A document prepared by the Army High Command calls for realism in planning for land forces. Under a situation of scarce resources, it emphasizes that the Army's first priority must be to provide such basic items as uniforms, warm clothing, equipment for personal protection, light weapons, and cooking equipment. While modernization programs and a continued investment in high-tech projects are still encouraged, these recommendations carry the caveat that such systems should remain simple and modest. Realism also mandates rationalizing the structure of the Ministry, merging units, streamlining administrative activities, and restricting unnecessary travel (FBIS-LAT, 1992a). A study by the SAE points to a 40% reduction of force--from 296,000 to 178,000--and a reorientation of force structure from a doctrine that stresses conventional fighting to one that relies on an increase in special forces, anti-terrorist personnel, jungle troops, and commando squadrons (FBIS-LAT, 1993a). New consideration is being given to strengthening EMFA, the joint command, as a way of reducing duplicative administrative expenses. Even the Army, long opposed to a unified defense ministry, finds it inevitable (FBIS-LAT, 1992b).

Defense cutbacks have produced discussions of a new role for the military which has, historically, been quite broadly defined. Brazil's national security doctrine directs the military toward internal, nation-building roles (Myers, 1991). In a tight budget environment, however, there is an incentive to stretch these roles even further in order to capture additional resources. As noted by Collor's Air Minister Socrates, the Brazilian Armed Forces are engaged in maintaining internal peace, guarding airspace, providing emergency road service, patrolling rivers, helping to form a sense of civic responsibility through military service, providing disaster relief, transporting school books, aiding vaccination campaigns, helping neighboring countries in times of crisis or national difficulty (such as the Mexican earthquake in 1985, the Salvadoran earthquake of 1986 and, more recently, the cholera epidemic in Peru). The Armed Forces have also been involved in the development of a number of projects (like the alcohol motor and a bus that runs on natural gas), in air traffic control, in building landing strips in the Amazon, and "a million other activities in areas that civilians can't, or don't have the resources to, achieve" (Socrates, 1991: 86). In addition to its nation-building activities, the Army has offered to help carry out social projects to fight the increasing misery in Brazil (FBIS-LAT, 1993d). This latter activity, aiding in the fight against poverty, is consistent with the program priorities of the Franco administration.(10) Finally, the Brazilian military has assumed a significant role in the integration of the Amazon region through the program Calha Norte (Hunter, 1993).

These may, or may not, be appropriate roles for the armed forces of any developing nation to assume; this is a subject for the Brazilian Congress, under representative democracy, to decide.(11) What is alarming is the likelihood that the Brazilian Armed Forces will expand into nation-building not as a first-choice professional activity but, rather, as a way to capture additional budgetary resources (Fitch, 1989). Defense policy should not be made by budgetary default but should involve a systematic evaluation of security requirements and resources.

CHILE : RESTRUCTURING AS A POLITICAL PROBLEM

The defense budget concerns of Chile are qualitatively different from those of Argentina and Brazil. The Chilean economy is healthy and, though there are tradeoffs between defense and social spending, the country does not face a state fiscal crisis in which virtually all historic claims on central resources are suspended due to economic emergency. The Chilean military, under the leadership of General Pinochet, left office with a stable, growing economy--as opposed to the shambles the Argentine military left behind or the contemporary chaos of Brazil. Pinochet, as Commander-in-Chief of the Armed Forces, retains a voice in policymaking and is still a presence in the national arena. Where defense budget reform in Argentina and Brazil is taking place under severely constrained economic conditions, in Chile it is the delicate balance of politico-military affairs that is at issue.

Indeed, Chile presents even more of an anomaly in trying to understand defense expenditures in that the Armed Forces maintain a privileged access to state copper revenues. The copper reserve law, signed in 1952 during the presidency of General Carlos Ibanez, allocated 10% of the annual profits from copper sales to the military. Under the Pinochet government, this benefit was expanded from 10% of profits to 10% of sales, an arrangement which generates about $US 300 million annually (LAWR, 1991b). Figures 11 and 12 provide some estimates as to the size of defense budgets and the role of copper revenues. (Figures 11 & 12 omitted.) While an initiative to remove this benefit has been introduced in the Congress, the obstacles to its serious consideration are profound. When, in the Spring of 1991, senior officials of the Aylwin government were informally queried as to the possibility of removing this off-budget access to state resources, it was clear that no radical steps were going to be taken which might antagonize the delicate balance of civil-military relations in Chile.(12) As recently as January 1993, an article in El Mercurio reported that Minister of Defense Rojas testified that (1) the Chilean national budget provides an appropriate balance between defense and social spending, and (2) that the military's guaranteed portion of copper revenues are being used to pay for hardware purchased in earlier periods, obligations which will continue into the next century. In comparison to Figures 6 and 10 for Argentina and Brazil, Figure 11 shows that Chile has not been engaged in any substantial reduction of armed forces personnel. (Figures 6, 10, 11 omitted.)

Cutting the military budget in Chile is problematic. Before leaving office, the Chilean military saw to it that the constitution placed a fixed floor under their budget, below which it was not allowed to fall: the floor was set at the 1988 level--of US$700 million--and indexed to inflation. Additionally, Pinochet, as Commander-in-Chief, is said to have a reserve fund for expenses of approximately $3 million (Fuerzas Armadas y Sociedad, 1991). This legal claim of the Chilean Armed Forces to financial resources makes the military autonomous from the political process of budget allocations (Fuentes, 1993). In 1991, the Chilean Congress approved appropriations for the three branches of the Armed Forces without any variation from the proposal submitted by the services themselves (Fuerzas Armadas y Sociedad, 1991). The political capital necessary to reverse such

constitutionally-guaranteed provisions would be substantial.(13) While some representatives to the Congress, like Deputy Vicente Sota and Senator Jorge Lavandro, have attempted to apply pressure for change, the topic remains a delicate one (Fuerzas Armadas y Sociedad, 1991). Lavandro has criticized the Army for overstaffing, noting that the number of officers doubled between 1980 and 1990. At the present time, some 48 generals are supported by 18,500 officers and NCOs plus 2,485 civilian employees--all in order to command 28,000 conscripts. Lavandro called for restructuring at the top and suggested that 3.4% of the military's budgetary allocation be transferred to the police to fight crime. He also criticized the incongruity between military pensions, which pay $350 per month, and civilian state pensions of approximately $100 monthly (The Economist, 1991b).

The official response to Lavandro and other critics was to defend the budgetary domain of the military. Aylwin's Minister of Government, Enrique Correa, said that it is not the policy of the government to try to reduce the budgets of the Armed Forces or to interfere in the orientation of the copper funds set aside for their use (Fuerzas Armadas y Sociedad, 1991). Defense Minister Rojas stated that defense expenditures would not be used to finance increases in the health sector (Fuerzas Armadas y Sociedad, 1991). When, on a visit to Chile in December 1991, Michel Camdessus, the executive director of the International Monetary Fund (IMF), remarked that the most effective way for developing countries to raise the level of savings was to reduce military expenditures, Minister of Finance Alejandro Foxey replied--in the midst of the ensuing uproar--that such a course was not possible in the short term due to the existence of the armed forces law which places constraints on the government's ability to effect substantial cuts in military spending.(14)

There is a consensus, which cuts across all political parties, that the Armed Forces budget will not suffer any reduction in the short-to-mid term.(15) Defense's share of the budget pie has been codified in law; any attempt to abrogate this agreement would challenge the terms of the transition to democracy. The political Right, in concert with the Armed Forces, also maintains that, given external threats, present budget levels are appropriate. While it is acknowledged that the external environment has changed in the wake of the Cold War, the contention is that changes in the regional balance have yet to be consolidated. Moreover, the military perceives new threats to the regional balance, like the equipment entering the region via counternarcotics assistance, as increasing the need for modernization and acquisition at home. Given the law's mandate as well as the present situation of a region in flux, the government has chosen to adopt a theme of continuity for the immediate future. Defense budgets are frozen; while they are guaranteed to receive their negotiated share, they are unlikely to win additional resources.

Rather than cuts, efficiency has become the new watchword of defense spending. The Chilean Armed Forces own a good deal of property which could be sold off in order to finance acquisitions. Indeed, in Valparaiso, the port city, some of this is already happening, such as the sale of the Sheraton land. In the case of the state-owned defense firms (such as ENAER, FAMAE and ASMAR), the profitable portions of the businesses are being spun off into private concerns to ease the constraints on the budget. It should be

noted in passing that such defense industry privatization may not always be in the global interest. Under a democratic regime, control of private concerns may not be as simple or strict as the export-control laws that are applied to a government-related enterprise.

Although the Chilean military faces a more favorable budgetary environment than Argentina or Brazil, the issue of competition for scarce resources under a democratic regime and the need for restructuring defense forces to meet the security challenges of the future remain. Economic pressure is forcing the military establishments of both Argentina and Brazil to rethink force structure and mission. In Chile, the politics are more subtle. To continue to maintain legitimacy in the public arena, the Chilean military must become as efficient and internationalist as the country at large. Political resources will become more limited as democracy becomes consolidated. How the balance of political constraints in the Chilean case, compared to the more pressing economic limitations in the Argentine and Brazilian scenarios, will influence the shape of force structure and mission is yet an open question.

RATIONALIZING DEFENSE RESOURCES WITH MISSIONS IN THE SOUTHERN CONE

Changing access to political and economic resources has called force structure and mission into question in Southern Cone militaries. Budget pressures in Argentina and Brazil have acted as a kind of de facto de-militarization. In contrast, political legitimacy in Chile has created pressures for efficiency. A de-militarized force that has not been given the resources to execute its professional function may make democratic consolidation precarious.(16) Further decreases in defense spending might not be the way to go in Argentina and Brazil; rather, and given the relatively low levels to begin with, a concerted focus on restructuring and rationalizing military expenditures may be more appropriate. Simply decreasing military budgets without restructuring leads to a loss of morale which may seriously threaten democratization. A de facto demilitarization threatens the institutional interests of the Armed Forces. National militaries' protective responses to institutional threats may not be in the interest of democracy or security.(17) Internal economic reasons, rather than security concerns, are determining the size of defense expenditures. Security is being driven by the resources available for defense--the supply side--without a systematic understanding of the demand side of the issue. There is a need to rethink the demand for security for both the short and medium term.

More explicit attention needs to be given to the relationship between foreign affairs and military-strategic issues. A redefinition of security in the Southern Cone has lagged behind new directions in foreign policy. The greatest degree of change of foreign policy is in Argentina, where an explicit redefinition has created a more internationalist agenda. After the conflicts with Chile and Great Britain, there was a clear reorientation to embrace the peaceful resolution of conflicts (Dorin, 1991: 103). The Argentines have also defined it to be in their own best interest to align themselves closely with the United States.(18) In Chile, the Aylwin government promoted an internationalist political agenda to support an already open economic platform. Hoping to follow Mexico in a free trade agreement with the United States, Chile is also exploiting ties with Europe and Japan. In Brazil, the Collor government also assumed an internationalist stance, willing to make concessions in

nationalist programs in order to "sit at the table with First World countries" (Franko-Jones and Dagnino, 1992). Nevertheless, when President Franco assumed office, the government decided to downplay the emphasis on external relations, which have since taken a back seat to domestic concerns. However, downsizing on a scale comparable to the kind of post-Cold War changes that have occurred in the United States has just not taken place. The defense structure in all three countries--Argentina, Brazil and Chile--has been unable, or unwilling, to respond to internal and external changes in security needs. Changes in foreign policy have not translated into changes in security policy. What is required is a rethinking of defense needs for the mid-to-long term and planning the defense forces required to meet these needs. Sergio Molina, Aylwin's Minister of Planning and Cooperation in Chile, called for such a reorientation of defense policy in light of the challenges of technology and competitiveness in the international economy. Restructuring that takes the changes in the new world order into consideration is essential. This restructuring, however, should be planned to respond to new threats, as opposed to an unmanaged downsizing driven by budget pressure.

Some account should be taken of the way in which the increasing diversification in national economic performance will transform the regional balance of power. As economic growth strengthens in Chile and (potentially) Argentina, their ability to purchase defense goods will outpace that of Brazil and Peru. This will have a clear impact on the regional balance, particularly if a new vision of regional security is not articulated. The lack of fundamental restructuring may mean that, when economic growth stabilizes, defense spending may resume. An accounting of the real needs of the regional militaries in light of the costs of acquisition is called for. Too often budget requests are based upon historical patterns of acquisition in the past. Under a situation of tight budgets, a realistic assessment of opportunity costs of one procurement trajectory versus another is warranted.

Reevaluating regional security must, almost by definition, take place multilaterally. A recent report from the chair of the Special Committee on Hemisphere Security of the Organization of American States (OAS) notes that cooperative security would involve reaching agreement on the defensive configuration and size of the Armed Forces (Patio, 1993). Arms control measures with concrete confidence-building mechanisms should be explored to provide the incentive to decrease national force levels.(19) Domestic budget constraints also affect the ability of Latin American nations to assume new roles in international affairs. Participation in multinational forces, as a new role for regional militaries, must be assessed in light of available resources. Another policy focus appears to be an increase in international cooperation. In a speech given on the occasion of the change in command at the national defense staff, Chilean Defense Minister Rojas pointed to participation in United Nations peacekeeping forces, as well as recent visits with the Malaysians, French, Spanish, English and Germans, as evidence of increased internationalism.

Ideally, recalculating security demands in the Latin nations will take place in a public, democratic forum. Redefining the structure and missions of Southern Cone militaries is not a problem the Armed Forces can solve in isolation from their civilian governments.

Indeed, policy guidance must come from the civilian sector. Unfortunately, defense expertise is severely lacking in legislatures and civil executive branches. Nevertheless, the increasing number of scholars working in this field is encouraging. A dialogue between the military and civilian policymakers has begun around the delicate issue of defense appropriations. At the very least, the past few years have been important in that defense budgets have begun to be discussed openly in Southern Cone nations. While they still remain poorly understood by civilian legislatures and the public at large, this is a major step over the secrecy that has traditionallly pervaded such appropriations decisions. In the move to democracy in Chile, the Armed Forces themselves have recognized the need for greater transparency in defense budgets in order to legitimize their claim on national resources. The Chilean Armed Forces, for example, has began a process of public relations in an attempt to influence public opinion (Fuentes, 1991: 42). This is a strongly positive factor in the democratization of defense budgeting, since a key constraining factor has centered on the transparency of information. As the defense budget increasingly moves into the public domain as a competitor for, and not a commander of, resources, the militaries themselves will find it in their self-interest to open up the process and make it more transparent.

However, there is a long way to go. Defense budgets in Latin America will only be rationalized when the security regime in the Southem Cone is on firmer, more collaborative ground. The problem of defense budgets cannot be resolved without also resolving the new roles and missions for the military establishments. This includes a resolution of regional defense issues as well. There is a need for Southern Cone nations to take steps to establish confidence with one another. Historical regional rivalries have not disappeared. In Latin America this process is complicated by the lack of any dramatic event or change, such as the fall of the Berlin Wall in Europe. Polite enemies do not have the benefit of celebrating the end of a war. Latin nations have been more like high school rivals who are constantly competing for the same spot on an athletic team or position in class. This type of contest has been characterized by each nation keeping an anxious eye on what the other is doing. The only way to end this mutual wariness is to change the nature of the contest: take away the competition for the same position and give institutional rewards for cooperative behavior. There is a pressing need for confidence-building measures to consolidate gains in regional security and to allow countries to redefine threats away from regional conflict. Defense planning should also include planning for military industries and the transfer of technology on a regional level (Dorin, 1991: 103). International initiatives, rather than focusing on lowering national defense thresholds, might work to generate demand for cooperative regional architectures.

United States policy has been largely bilateral. It is in the US interest to promote and assist not only in national, but also in regional, initiatives for defense reorganization. Security assistance instruments, such as the program for International Military Education and Training (IMET), should be expanded to facilitate the training of both military officers and civilians involved in making defense decisions. As Lt. Gen. William Odom (USA-Ret) testified before the US Senate Foreign Relations Committee, the IMET "holds the promise of occasional high payoff" (Odom, 1993). Some of the painful experiences the United States has accrued in downsizing and restructuring in the post-Cold War period may be

relevant to Latin militaries. Military Training Teams (MTTs) on operations in downsizing might be useful.(20)

Incentives to deepen regional arms control measures suggests another fruitful area in which the US could be of potential assistance. In December of 1991, both Argentina and Brazil indicated their intent to bring the Treaty of Tlatelolco into force and have since signed agreements with the International Atomic Energy Agency to verify reductions in their nuclear programs.(21) However, regional measures have largely focused on removing threats to security as opposed to building a common consensus in the area of Hemispheric security. Antiproliferation commitments form a necessary, but not sufficient, component of a positive, and pro-active, regional security framework. Defining a common security regime is harder than dismantling threats. Incentives to create a common seurity regime are few and weak Rojas, 1993). Latin nations harbor a deep distrust of the geostrategic ambitions of their neighbors while, at the same time, they espouse non-intervention in regional affairs. The distrust, compounded by the weak precedent for joint action, makes development of a regional security framework problematic.

Nevertheless, the economic and political progress of Chile and Argentina, contrasted with the disarray in Brazil, may provide an odd opportunity for geostrategic repositioning in the region. Whereas Argentina and Chile have long struggled to maintain a strategic balance in light of Brazil's more advanced technological and industrial infrastructure, greater economic and political stability in Chile and Argentina are fostering increased parity among the three nations. The United States should take advantage of this window of opportunity to press forward on regional security issues.

Of course there is a danger in trying to do too much. For a stable balance in the region, force restrucuring must come from within. What this paper has demonstrated is that there are strong economic and political reasons for restructuring in Argentina, Brazil and Chile. The United States has a good deal of technical expertise in this area which could be made available, at a low cost, to regional militaries. Through multilateral organizations such as the OAS, the US could support initiatives which lay the groundwork for long-term changes in defining regional security. Because it behooves the United States to be prudently respectful of the history of regional rivalries, the timing must be on Latin American terms. Careful, patient policy could lead to long-standing peace in the region. Through such measures, a strong and stable security balance, based on a more rational use of resources, could be realized in the Southern Cone.

NOTES

1. For excerpts of the speech, see McNamara (1991: 26-28).

2. It is important to interpret data on military expenditures with caution. Three principal sources are generally used: the yearbooks pul out by the Stockholm International Peace Research Institute (SIPRI), the International Institure for Strategic Studies (IISS), and the US Arms Control and Disarmament Agency (ACDA) publications. Latin scholars also rely on these sources. The publication Cooperacion para la Paz y Seguridad Compartida en

America Latina [Cooperation for Peace and Shared Security in Latin America] of the Estudios Estrategicos de America Latina (Strategic Studies Institute of Latin America) relies on ACDA and SIPRI sources. Problems of reporting, consistency between national systems, the question of off-budget expenditures, and currency conversion are among the data issues which plague analysts of military expenditures. For a discussion of inconsistencies in defense data, see Ball(1992: 44-45). In this paper, I have chosen data from each of the three institutes. There is, therefore, no comparability of levels of spending between charts. However, by presenting a variety of sources, one can get a sense of the general direction of the data. Furthermore, currency values affect comparability. As pointed out by Scheetz (1990), when a national currency depreciates rapidly and unevenly over time, it affects the numbers for arms imports (see Scheetz, 1985 and, most recently, 1992: 175-190).

3. Furthermore, the careful reader will have noted that some data sources use GNP (gross national product) while others rely on GDP (gross domestic product). GNP = GDP + (exports - imports). In other instances we refer to military budgets. As will be shown later, some militaries have off-budget revenue sources which allow expenditures to exceed budgets significantly.

4. Varas (1993) makes the point that the downsizing from the end of the Cold War should not be extended, automatically, to Latin America since the region was not affected as clearly and directly as were the United States and countries of the North Atlantic Treaty Organization (NATO). To assume that Latin America should automatically decrease expenditures when its threat perception has not fundamentally changed imposes a double standard for the region.

5. For a discussion of the budget numbers in the Argentine case, see the paper by Ernesto Lpez (1990). Interestingly, his paper (with a title similar to this one) was forwarded to me through the blind review process. Though the piece carries a different focus, Lopez arrives at a similar conclusion: the de facto demobilization of the defense sector in Argentina.

6. This is a list offered by Fraga (1991: 192).

7. For a discussion of the big projects, see Franko-Jones and R. Dagnino (1992).

8. For a discussion of the crisis in the Brazilian defense industry, see Chapter 8 of Franko-Jones (1992).

9. This point is made by Hunter (1993).

10. For an excellent discussion of the changing (and enduring) roles of the Brazilian military, see Hunter (1993).

11. Indeed, Hunter (1993) suggests that, historically, the role of the military in Brazil has been internally oriented.

12. Author conversation with senior officials of the Aylwin administration, Washington (DC), Spring 1991.

13. For a discussion of Aylwin government difficulties in civil-military relations, see Brian Loveman (1991).

14. Unpublished document.

15. For an excellent overview of the spectrum of positions on the Chilean defense budget, see Fuentes (1991).

16. The relationship between demilitarization and professionalism is discussed by Norden (1990: 151-176).

17. Varas (1990) treats the tension between institutional interests and professionalism.

18. There is a joke circulating that captures the depth of the turnaround towards the United States: "The Argentines do not only want relations with the United States, they want carnal relations."

19. Gupta (1993) makes the case for regional arms control as a means of releasing resources or economic development.

20. This type of military assistance is consistent with the uses of IMET as recommended by Fitch (1993: 19).

21. For a discussion of the moves toward regional security, see Rojas (1993).

REFERENCES

BALL, N. (1992) Pressing for Peace: Can Aid Induce Reform? Washington, DC: The Overseas Development Council.

BITENCOURT, L. (1993) "Brazilian Strategic Leadership or Sunset?" Paper prepared for the Fourh Annual Workshop on "Latin American Security Issues: Values and Perspectives in Latin American-US Security Relations," 23-25 May, Santa Fe, New Mexico.

Clarin (1991) "Planos de Privatizacion." (6 Maio).

DORIN, F, (1991) "Fuerzas Armadas: reestructuracion y presupuesto." Nuevo Proyecto 7-8.

(The) Economist (1991) "Let them eat guns." (2 November): 61.

The Economic Intelligence Unit (EIU) (1991) "Chile: A Country Report" (No. 4). London, England: EIU Ltd.

FITCH, J.S. (1993) draft paper entitled "The Decline of US Military Influence in Latin America." [A revised version of this paper was published in the Summer 13 issue (Vol. 35, No.2) of the Journal of Interamerican Studies and World Affairs.]

--(1989) "Military Professionalism, National Security and Democracy: Lessons from the Latin American Experience," Pacific Focus IV, 2 (Fall): 99-147.

Foreign Broadcast Information Service-Latin America (FBIS-LAT) (1994a) "Workers Party Military Policy Outlined," Folha de Sao Paulo, 31 January, in FBIS-LAT-94-022 (2 February): 6.

--(1994b) "Special Report on the Armed Forces," Veja, 2 February, in FBIS-LAT-94-028 (10 February): 68-77.

--(1993a) "Secretariat Analyzes Reasons for Military 'Dissatisaction,'" O Estado de Sao Paulo, 30 May, in FBIS-LAT-33-104 (3 June): 7.

--(1993b) "Ex-Navy Minister 'Frusuated' About 'Low' Military Salaries," O Estado de Sao Paulo, 13 May, in FBIS-LAT-33-037 (21 May): 22.

--(1993c) "Defense Minister Denies Armed Forces 'Defenseless,'" reported on Buenos Aires TELAM, 21:10 GMT, 15 April, in FBIS-LAT-93-073 (13 April): 28.

--(1993d) "Army Offers to Help Implement Social Projects," O Globo, 17 January, in FBIS-LAT-93-011 (19 January: 42.

--(1993e) Clarion, 14 December, in FBIS-LAT-93-241 (17 December): 3.

--(1993f) "Salary Hike for Military Employees," Buenos Aires, Noticias Argentinas, 01:17 GMT, 28 December, in FBIS-LAT-93-248 (23 December): 14.

--(1992a) "Guidelines issued for the Army High Command," O Estado de Sao Paulo, 13 November, in FBIS-LAT-92-226, (23 November):4.

--(1992b)"Army Minister on Proposed Defense Ministry," Folha de Sao Paulo, 14 October, in FBIS-LAT-92-202 (13 October): 12.

--(1992c) "Policy Priorities of Military Ministers Viewed," Gazeta Mercantil, 9 October, in FBIS-LAT-92-209 (28 October): 1,6.

--(1992d) "Priority Concerns of Armed Forces Discussed," Brasilia Voz do Brazil Network, 2200 GMT, 9July, in FBIS-LAT-92-133 (10 July): 025.

--(1992e) "Army 'Editorial' Criticizes Unequal Salaries," O Globo, 1 May, in FBIS-LAT-92-087 (5 May):27.

--(1992f)"Impact of Military Budget Cuts Surveyed," Istoe Senhor, 22 April, in FBIS-LAT-92-107 (3 June): 26-29.

--(1992g) "Borja Hears Complaints About Miltary Salaries," O Globo, 15 April, in FBIS-LAT-

92-076 (20 April): 18.

--(1991a) Armed Forces Said Experiencing Raison D'etre," Estado de Sao Paulo, 8 December, in FBIS-LAT-91-242 (17 December): 4.

--(1991b) "New Army Chief of Staff Balza on Army Role," Buenos Aires Telam 12:55 GMT, 17 November, in FBIS-LAT-91-223 (19 November): 18.

--(1991c) "Olazabal(Planning Secretary) Views Military Industry Privatization," Buenos Aires Telam 23:45 GMT, 14 November, in FBIS-LAT-91-222 (18 November): 40.

--(1991d) "Armed Forces to Sell Real Estate Properties," Somos, 22 July, in FBIS-LAT-91-171 (4 September): 29.

FRAGA, R. (1992a) Interview with author, Buenos Aires (29 July).

--(1992b) "La Crise de Brasil," La Nacion (26 July).

--(1991) Menem y la Cuestion Militar, Buenos Aires, Argentina: Centro de Estudios Union para la Nueva Mayoria.

FRANKO-JONES, P. (1992) The Brazilian Defense Industry. Boulder, CO: Westview Press.

FRANKO-JONES, P. and R. DAGNINO (1992) "Membership in the First World Geostrategic Club: Possibilities for Brazil." Defense Analysis 8, 3 (December): 277-294.

FUENTES, C (1993) "Perspectivas de los Temas de Seguridad en Chile," orking paper SUHSDUHG IRU WKH)RXUWK $QQXDO :RUNVKRS RQ /DWLQ $PHULFDQ 6HFXULW\ ,VVXHV 9 3HUVSHFWLYHV LQ /DWLQ $PHULFDQ 8 6 6HFXULW\ 5HODWLRQV 0D\ 6DQWD)H 1HZ 0I

--(1991) "Debate en Torno Al Gasto Militar: Nuevas Perspectivas," Fuertas Armadas y Sociedad 6, 4, (Oct-Dec).

Fuerzas Armadas y Sociedad, (1991) "Cronologia: Septiembre-Diciembre 1991," Vol. 6, No. 4 (Oct-Dec).

GUPTA, A (1993) "Third World Mililaries: New Suppliers, Deadlier Weapons," Orbis 37, 1 (Winter): 57-68.

HEWITT, D. (1991) "Military Expenditure: International Comparison of Trends." IMF Working Paper (WP/91/54), May.

HUNTER, W. (133) "The Brazilian Military After the Cold War," working paper prepared for the Fourth Annual Workshop on Latin American Security Issues: Values and Perspectives in Latin American-US Security Relations, 23-25 May, Santa Fe, New Mexico.

Istoe (1993) "A Caserna no Sufoco." (21 Julio) 34-41.

Latin American Weekly Report (LAWR) (1991a) "Pay award follows spate of unrest." WR-91-40 (17 October): 10.

--(1991b) "Funding comes under debate," WR-91-33 (29 August).

--(1991c) "Paring defence to the very bone," WR-91-23 (20 June).

--(1991d) "Crisis for Cavallo as funds run out," WR-91-22(13 June).

--(1991e) "Condor plus pay spells unrest," WR-91-20 (30 May).

LOPEZ, E (1990) "Argentina: Desarme de Hecho y Cooperacion Para la Paz," paper for the XIIa Reunion de RIAL (Relaciones Internacionales de America Latina), held at Sandago de Chile, 21-25 Octubre.

LOVEMAN, B (1991) "Mision Cumplida? Civil Military Relations and the Chilean Political Transition." Journal of Interamerican Studies and World Afairs 33, 3 (Fall): 35-74.

McNAMARA, R. (1991) "Reducing Military Expenditures in the Third World." Finance and Development 28, 3 (September): 26-28.

MYERS, D.J. (1991) "Brazil: The Quest for South American Leadership," pp. 225-268 in D. Myers (ed) Regional Hegemons: Threat Perception and Strategic Response. Boulder, CO: Westview Press.

NORDEN, D. (1990) "Democratic Consolidation and Military Professionalism: Argentina in the 1980s." Journal of Interamerican Studies and World Affairs 32, 3 (Fall): 151-176.

ODOM, W. (Lt. Gen.) (1993) "US Military Assistance After the Cold War." Testimony before the US Senate Foreign Relations SubCommittee on International Economic Policy, Trade, Oceans and Environment (16 June), 103rd Congress, 1st session.

PATINO, H. M. (1993) "Support for a New Concept of Hemisphere Security" (draft document; 17 May). Permanent Council of the Organization of American States (OAS). Washington, DC: OAS.

PION-BERLIN, D. (1991) "Between Confrontation and Accommodation: Military and Government Policy in Democratic Argentina." Journal of Latin American Studies 23 (October): 543-571.

ROJAS, F. A. (1993) "Regimes de Seguridad en el Hemisferio Occidental, Una Perspectiva Desde America Latina." Paper prepared for the conference on "Security, Democracy and Development in the Western Hemisphere," North-South Center, University of Miami (FL), 25-27 February.

SCHEETZ, T. (1992) "The Evolution of Public Sector Expenditures: Changing Political

Priorities in Argentina, Chile, Paraguay and Peru." Journal of Peace Research 23, 2 (May): 175-190.

--(1990) "Military Expenditures in Argentina, Chile and Peru," pp. 228-252 in K. Hartley and T. Sandler (eds.) The Economics of Defense Spending. London, England: Routledge & Kegan Paul.

--(1985) "Gastos Militares en Chile, Peru y La Argentina." Desarrollo Economico 25, 99 (Octubre-Diciembre): 315-327.

SOCRATES DA COSTA MONTEIRO, (1991) "Estamos preparados." Veja 13 (March): 86.

VARAS, A. (1993) "Intereses de Seguridad y Percepciones de Amenaza en el Hemisferio Occidental en la Post Guerra Fria." Paper prepared for the International Conference on "Security, Democracy and Development in the Western Hemisphere," North-South Center, University of Miami (FL), 25-27 February.

--(1990) "Civil-Military Relations in a Democratic Framework," pp. 199-218 in L Goodman, J. Mendelson, and J. Rial (eds) The Military and Democracy: The Future of Civil-Military Relations in Latin America. Lexington, MA: Lexington Books.

VILLAR ROJAS, C. (1992) "Gasto militar, tema de reflexion. "Memorial de Ejercito (Chile) Primero Semester (Abril): 102-121.

Patrice Franko is Associate Professor of Economics and International Studies at Colby College (ME). She is the author of THE BRAZILIAN DEFENSE INDUSTRY (Westview Press, 1992) in addition to articles on the same subject.